

Lycopodium Limited and Controlled Entities

ABN 83 098 556 159

Appendix 4E - Preliminary Final Report for the year ended 30 June 2015

Lycopodium Limited and Controlled Entities ABN 83 098 556 159
Appendix 4E - Preliminary Final Report - 30 June 2015

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction with the
Annual report

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Results for announcement to the market

				\$
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	Down	20.6%	to	122,811,322
Profit from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Down	127.4%	to	(1,015,413)
Net profit for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Down	127.4%	to	(1,015,413)

	\$	\$
Dividends / distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(cents)</i>	\$0	\$0

Key ratios	2015	2014
	June	June
Basic earnings per share (cents)	(2.3)	10.0
Net tangible assets per shares (cents)	136.9	143.8

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Notes	Consolidated 2015 \$	2014 \$
Revenue from operations	3	122,811,322	154,765,985
Employee benefits expense		(65,367,325)	(83,811,544)
Depreciation and amortisation expense	4	(1,753,905)	(2,340,068)
Project expenses		(4,630,594)	(2,967,808)
Equipment and materials		(16,875,139)	(872,001)
Contractors		(22,665,053)	(44,196,481)
Occupancy expense		(8,060,711)	(7,533,531)
Other expenses		(7,537,899)	(8,553,272)
Loss on disposal of asset		(323,251)	(6,636)
Finance costs		(57,836)	(145,657)
Share of net profit of joint ventures accounted for using the equity method	9	2,840,323	3,343,605
(Loss)/profit before income tax		(1,620,068)	7,682,592
Income tax benefit / (expense)	5	604,655	(3,973,206)
(Loss)/profit for the year		(1,015,413)	3,709,386
Other comprehensive income/(expense)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets	6(a)	-	(4,000)
Exchange differences on translation of foreign operations	6(a)	605,183	(468,497)
Income tax relating to components of other comprehensive income		-	1,200
Other comprehensive income/(expense) for the year, net of tax		605,183	(471,297)
Total comprehensive (expense)/income for the year		(410,230)	3,238,089
(Loss)/profit for the year is attributable to:			
Owners of Lycopodium Limited		(918,077)	3,878,969
Non-controlling interests		(97,336)	(169,583)
		(1,015,413)	3,709,386
Total comprehensive (expense)/income for the year is attributable to:			
Owners of Lycopodium Limited		(312,894)	3,407,672
Non-controlling interests		(97,336)	(169,583)
		(410,230)	3,238,089
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	13(a)	(2.3)	10.0
Diluted earnings per share	13(b)	(2.3)	9.8

The above preliminary statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Balance Sheet
As at 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		32,440,938	33,302,348
Trade and other receivables		24,573,180	22,069,393
Inventories		255,211	-
Current tax receivables		4,561,762	3,908,711
Other current assets		1,708,221	1,990,291
Total current assets		63,539,312	61,270,743
Non-current assets			
Investments accounted for using the equity method	9	2,789,527	4,349,205
Available-for-sale financial assets		35,750	3,000
Property, plant and equipment		2,776,265	3,485,811
Intangible assets		8,858,308	6,861,301
Other receivables		703,291	872,653
Deferred tax assets		5,331,787	4,693,362
Total non-current assets		20,494,928	20,265,332
Total assets		84,034,240	81,536,075
LIABILITIES			
Current liabilities			
Trade and other payables		19,854,442	15,914,353
Borrowings		288,513	554,259
Current tax liabilities		89,725	848,020
Total current liabilities		20,232,680	17,316,632
Non-current liabilities			
Borrowings		-	351,167
Provisions		568,634	988,923
Total non-current liabilities		568,634	1,340,090
Total liabilities		20,801,314	18,656,722
Net assets		63,232,926	62,879,353
EQUITY			
Contributed equity		20,823,772	18,999,317
Reserves	6(a)	754,422	911,737
Retained profits	6(b)	38,718,003	42,390,395
Parent entity interest		60,296,197	62,301,449
Non-controlling interests	7	2,936,729	577,904
Total equity		63,232,926	62,879,353

The above preliminary balance sheet should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Changes in Equity
For the year ended 30 June 2015

Consolidated entity	Notes	Contributed equity \$	Retained profits \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Performance rights reserve \$	Non-con- trolling interests \$	Total equity \$
Balance at 1 July 2013		18,951,697	48,639,753	440,599	(79,100)	778,886	697,982	69,429,817
(Loss)/Profit for the year		-	3,878,969	-	-	-	(169,583)	3,709,386
Other comprehensive income / (expense)		-	-	(468,497)	(2,800)	-	-	(471,297)
Total comprehensive income for the year		-	3,878,969	(468,497)	(2,800)	-	(169,583)	3,238,089
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax		47,620	-	-	-	-	-	47,620
Foreign currency translation with non-controlling interest		-	-	-	-	-	49,505	49,505
Dividends provided for or paid	8	-	(10,128,327)	-	-	-	-	(10,128,327)
Performance rights - value of rights	6	-	-	-	-	290,269	-	290,269
Performance rights - transfer on exercise	6	-	-	-	-	(47,620)	-	(47,620)
		47,620	(10,128,327)	-	-	242,649	49,505	(9,788,553)
Balance at 30 June 2014		18,999,317	42,390,395	(27,898)	(81,900)	1,021,535	577,904	62,879,353
Balance at 1 July 2014		18,999,317	42,390,395	(27,898)	(81,900)	1,021,535	577,904	62,879,353
(Loss)/Profit for the year		-	(918,077)	-	-	-	(97,336)	(1,015,413)
Other comprehensive income / (expense)		-	-	605,183	-	-	-	605,183
Total comprehensive income for the year		-	(918,077)	605,183	-	-	(97,336)	(410,230)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax		824,455	-	-	-	-	-	824,455
Non-controlling interests on acquisition of subsidiary		1,000,000	(1,572,096)	-	-	-	(577,904)	(1,150,000)
Foreign currency translation with non-controlling interest		-	-	-	-	-	25,715	25,715
Dividends provided for or paid	8	-	(1,182,219)	-	-	-	-	(1,182,219)
Performance rights - value of rights	6	-	-	-	-	61,957	-	61,957
Performance rights - transfer on exercise	6	-	-	-	-	(824,455)	-	(824,455)
Newly consolidated operations		-	-	-	-	-	3,008,350	3,008,350
		1,824,455	(2,754,315)	-	-	(762,498)	2,456,161	763,803
Balance at 30 June 2015		20,823,772	38,718,003	577,285	(81,900)	259,037	2,936,729	63,232,926

The above preliminary statement of changes in equity should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Cash Flows
For the year ended 30 June 2015

		Consolidated	
	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		127,101,357	177,336,870
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(125,121,138)</u>	<u>(167,401,728)</u>
		1,980,219	9,935,142
Dividends received from joint venture		4,400,000	4,900,000
Interest received		939,293	721,064
Income taxes received		<u>(1,445,116)</u>	<u>(3,994,272)</u>
Net cash inflow from operating activities	12	<u>5,874,396</u>	<u>11,561,934</u>
Cash flows from investing activities			
Payments for purchase of business, net of cash received	10(a)	(4,141,003)	-
Payments for acquisition of non-controlling interests	10(b)	(1,150,000)	-
Payments for property, plant and equipment		(221,335)	(883,169)
Payments for available-for-sale financial assets		(32,750)	-
Payments for intangible assets		(38,236)	(160,929)
Proceeds from sale of property, plant and equipment		55,212	35,374
Net cash outflow from investing activities		<u>(5,528,112)</u>	<u>(1,008,724)</u>
Cash flows from financing activities			
Proceeds from borrowings		895,027	621,062
Repayments of borrowings		(817,128)	(1,157,608)
Dividends paid to company's shareholders	8	(1,182,219)	(10,128,326)
Repayments of hire purchase and lease liabilities		(751,727)	(1,479,660)
Proceeds from repayment of loans under the senior manager share acquisition plan		169,362	177,682
Net cash outflow from financing activities		<u>(1,686,685)</u>	<u>(11,966,850)</u>
Net (decrease) in cash and cash equivalents		<u>(1,340,401)</u>	<u>(1,413,640)</u>
Cash and cash equivalents at the beginning of the financial year		33,302,348	34,997,159
Effects of exchange rate changes on cash and cash equivalents		478,991	(281,171)
Cash and cash equivalents at end of year		<u>32,440,938</u>	<u>33,302,348</u>

The above preliminary statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

(a) Basis of preparation

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2014 and with any public announcement made by Lycopodium Limited during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from both a product and geographic perspective and has identified nine operating segments of which two (2014: two) are reportable in accordance with the requirements of AASB 8.

The Corporate Services segment consists of managerial and legal services provided to the group in addition to strategic investment holdings.

The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multinational producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil, building works, control systems, services and infrastructure to small skid-mounted pilot plants.

All other operating segments are not reportable operating segments, as they fall under the quantitative thresholds of AASB 8. The results of these operations are included in the 'Other' column.

2 Segment information (continued)

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2015 and 30 June 2014 are as follows:

2015	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	13,159,204	105,917,216	27,182,790	146,259,210
Inter-segment revenue	<u>(12,251,193)</u>	<u>(4,048,200)</u>	<u>(7,148,495)</u>	<u>(23,447,888)</u>
Revenue from external customers	908,011	101,869,016	20,034,295	122,811,322
Profit / (loss) before tax	<u>(346,920)</u>	<u>(5,844,746)</u>	<u>4,616,598</u>	<u>(1,575,068)</u>
Interest in the profit of equity accounted joint ventures		2,840,323		2,840,323
Depreciation and amortisation	(96,331)	(1,171,040)	(486,535)	(1,753,906)
Income tax benefit / (expense)	614,615	(340,978)	331,018	604,655
Total segment assets	<u>12,792,739</u>	<u>48,187,752</u>	<u>14,533,319</u>	<u>75,513,810</u>
Total assets includes:				
Investment in joint ventures		2,789,527		2,789,527
Additions to non-current assets (other than financial assets and deferred tax)	-	193,649	65,922	259,571
Total segment liabilities	2,655,777	12,595,290	4,890,135	20,141,202

2 Segment information (continued)

(b) Segment information provided to the Board of Directors (continued)

2014	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	17,746,116	150,153,633	46,005,783	213,905,532
Inter-segment revenue	(17,376,149)	(27,933,850)	(13,829,548)	(59,139,547)
Revenue from external customers	369,967	122,219,783	32,176,235	154,765,985
Profit / (loss) before tax	(1,970,332)	9,864,978	(167,054)	7,727,592
Interest in the profit of equity accounted joint ventures		3,343,605		3,343,605
Depreciation and amortisation	(418,095)	(1,228,380)	(693,593)	(2,340,068)
Income tax expense	20,323	(3,310,715)	(682,814)	(3,973,206)
Total segment assets	14,108,834	51,307,135	17,249,491	82,665,460
Total assets includes:				
Investment in joint ventures		4,349,205		4,349,205
Additions to non-current assets (other than financial assets and deferred tax)	-	841,076	203,021	1,044,097
Total segment liabilities	623,291	17,764,992	6,623,953	25,012,236

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board of directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The entity is domiciled in Australia. The result of its revenue from external customers in Australia is \$57,126,431 (2014: \$72,337,916), and the total of revenue from external customers from other countries is \$65,684,891 (2014: \$82,427,767). Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately \$42,454,871 (2014: \$62,790,822) are derived from the top 3 customers. These revenues are attributable to the Minerals segment.

(ii) Segment profit before tax

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted profit before tax.

A reconciliation of segment profit before tax to the profit before tax in the statement of profit or loss and other comprehensive income is provided as follows:

	Consolidated	
	2015	2014
	\$	\$
Segment (loss)/profit before tax	(1,575,068)	7,727,592
Amortisation of customer relationships	(45,000)	(45,000)
(Loss)/profit before income tax as per preliminary statement of profit or loss and other comprehensive income	(1,620,068)	7,682,592

2 Segment information (continued)

(c) Other segment information (continued)

(iii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial report. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as per the preliminary balance sheet as follows:

	Consolidated	
	2015	2014
	\$	\$
Segment assets	75,513,810	82,665,460
Intersegment eliminations	504,412	(6,711,877)
Intangibles arising on consolidation	8,029,518	5,609,492
Deferred tax arising on consolidation	(13,500)	(27,000)
Total assets as per the preliminary balance sheet	84,034,240	81,536,075

(iv) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as per the preliminary balance sheet as follows:

	Consolidated	
	2015	2014
	\$	\$
Segment liabilities	20,141,202	25,012,236
Intersegment eliminations	660,112	(6,355,514)
Total liabilities as per the preliminary balance sheet	20,801,314	18,656,722

3 Revenue

	Consolidated	
	2015	2014
	\$	\$
From operations		
<i>Sales revenue</i>		
Contract revenue	121,138,662	152,752,992
<i>Other revenue</i>		
Rents and sub-lease rentals	102,770	37,054
Bank interest	927,383	702,302
Other revenue	642,507	1,273,637
	1,672,660	2,012,993
Total revenue from operations	122,811,322	154,765,985

4 Expenses

	2015	2014
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Fixtures and fittings	739,147	538,783
Leasehold improvements	174,740	456,567
Leased plant and equipment	295,296	724,037
Motor vehicles	25,587	18,425
Total depreciation	1,234,770	1,737,812
<i>Amortisation</i>		
Computer software	474,135	557,256
Customer contracts	45,000	45,000
Total amortisation	519,135	602,256
Total depreciation and amortisation	1,753,905	2,340,068
<i>Finance costs</i>		
Interest and finance charges paid/payable	57,836	145,657
Net loss on disposal of property, plant and equipment	323,251	6,636
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	7,541,941	7,452,786

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2015
(continued)

5 Income tax (benefit)/expense

(a) Income tax (benefit)/expense

	Consolidated	
	2015	2014
	\$	\$
Current tax	175,493	1,323,277
Deferred tax	(197,069)	3,334,192
Adjustments for current tax of prior periods	<u>(583,079)</u>	<u>(684,263)</u>
	(604,655)	3,973,206
Deferred income tax included in income tax expense comprises:		
Increase in deferred tax assets	(600,912)	3,529,147
Decrease in deferred tax liabilities	<u>403,844</u>	<u>(194,955)</u>
	(197,068)	3,334,192

(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable

	Consolidated	
	2015	2014
	\$	\$
(Loss)/Profit before income tax expense	(1,620,068)	7,682,592
Tax at the Australian tax rate of 30% (2014: 30%)	(486,020)	2,304,778
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	18,587	87,080
Sundry items	129,215	143,282
Non-assessable, non-exempt income and related non-deductible expenses	-	(958)
Exchange differences on translation	-	8,859
	<u>(338,218)</u>	<u>2,543,041</u>
Adjustments for current tax of prior periods - over provision of prior year income tax	(583,079)	(684,263)
Difference in overseas tax rates	73,102	(260,476)
Previously unrecognised tax losses now recouped to reduce current tax expense	(91,489)	-
Deferred tax asset not recognised	1,187,126	2,769,060
Income tax paid in foreign jurisdiction	-	608,926
Share of net profit of joint ventures accounted for using the equity method	(852,097)	(1,003,082)
Income tax (benefit)/expense	<u>(604,655)</u>	<u>3,973,206</u>

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2015
(continued)

6 Reserves and retained profits

(a) Reserves

	Consolidated	
	2015	2014
	\$	\$
Available-for-sale investment revaluation reserve	(81,900)	(81,900)
Performance rights reserve	259,037	1,021,535
Foreign currency translation reserve	577,285	(27,898)
	754,422	911,737

	Consolidated	
	2015	2014
	\$	\$

Movements:

<i>Available-for-sale investment revaluation reserve</i>		
Balance 1 July	(81,900)	(79,100)
Revaluation - gross	-	(4,000)
Deferred tax	-	1,200
Balance 30 June	(81,900)	(81,900)

<i>Performance rights reserve</i>		
Balance 1 July	1,021,535	778,886
Performance rights plan expense	61,957	290,269
Transfer to share capital - exercise of rights	(824,455)	(47,620)
Balance 30 June	259,037	1,021,535

<i>Foreign currency translation reserve</i>		
Balance 1 July	(27,898)	440,599
Currency translation differences arising during the year	605,183	(468,497)
Balance 30 June	577,285	(27,898)

6 Reserves and retained profits (continued)

(b) Retained profits

	Consolidated	
	2015	2014
	\$	\$
Balance 1 July	42,390,395	48,639,753
(Loss)/profit for the year	(918,077)	3,878,969
Dividends	(1,182,219)	(10,128,327)
Acquisition of non-controlling interests (i)	(2,150,000)	-
Transfer from non-controlling interests	577,904	-
Balance 30 June	<u>38,718,003</u>	<u>42,390,395</u>

(i) During the year, Lycopodium Limited purchased the remaining non-controlling interest of Lycopodium Americas Pty Ltd, Lycopodium Rail Pty Ltd and Orway Minerals Consultants Americas Pty Ltd.

7 Non-controlling interests

	Consolidated	
	2015	2014
	\$	\$
Interest in:		
Share capital	14,937	28
Reserves	2,100	(23,615)
Retained profits	3,497,596	601,491
Transfer to retained earnings	(577,904)	-
	<u>2,936,729</u>	<u>577,904</u>

8 Dividends

(a) Ordinary shares

	Parent entity	
	2015	2014
	\$	\$
Final dividend for the year ended 30 June 2014 of 1.5 cents (2013 - 21.0 cents) per fully paid share paid on 13 October 2014 (2013 - 15 October 2013) Fully franked based on tax paid @ 30% (2013: 30%)	586,233	8,180,572
Interim dividend for the year ended 30 June 2015 of 1.5 cents (2014 - 5.0 cents) per fully paid share paid on 17 April 2015 (2014 - 15 April 2014) Fully franked based on tax paid @ 30% (2014: 30%)	595,986	1,947,755
Total dividends provided for or paid	<u>1,182,219</u>	<u>10,128,327</u>

8 Dividends (continued)

(b) Dividends not recognised at the end of the reporting period

Parent entity	
2015	2014
\$	\$

In addition to the above dividends, since year end the Directors have recommended no payment of final dividends (2014 - 1.5 cents)

	-	586,232
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9 Investment in joint ventures

(a) Movements in carrying amounts

Consolidated	
2015	2014
\$	\$

Carrying amount at the beginning of the financial year
Share of profits after income tax
Dividends received
Carrying amount at the end of the financial year

	4,349,204	5,905,599
	2,840,323	3,343,605
	(4,400,000)	(4,900,000)
	2,789,527	4,349,204

(b) Summarised financial information of joint ventures

The group's share of the results of its joint ventures and its aggregated assets (including goodwill) and liabilities are as follows:

	Ownership Interest %	Assets \$	Company's share of:		Profit \$
			Liabilities \$	Revenues \$	
2015					
Joint ventures	50	5,191,142	2,401,616	18,099,152	2,840,323
2014					
Joint ventures	50	7,449,793	3,100,591	28,871,777	3,343,605

10 Business combination

(a) Summary of acquisition

On 30 September 2014, Lycopodium acquired 74% of the issued share capital of ADP Holdings (Pty) Ltd ("ADP"). The company is based in South Africa, with operations relating to supplying engineering, procurement, construction and management ("EPCM") services and engineering, procurement and construction ("EPC") projects to the mining industry.

On 30 September 2014, Lycopodium acquired 74 % of the issued share capital of Metco Global Ltd ("Metco"). The company is based in Angola with operations relating to the supply of alluvial and kimberlite diamond processing equipment for prospection and medium sized production modules.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$
Purchase consideration (refer to (iv) below):	
Cash paid	10,530,478

The fair values of the identifiable net assets at 30 June 2015 recognised as a result of the acquisition are as follows:

	ADP	Metco	Total
	\$	\$	\$
Cash	6,203,095	186,380	6,389,475
Trade and other receivables (net off provision for doubtful debts)	11,284,006	1,712,083	12,996,089
Inventories	1,753,299	-	1,753,299
Plant and equipment	564,825	15,310	580,135
Trade and other payables	(6,239,482)	(28,656)	(6,268,138)
Deferred income	(2,868,669)		(2,868,669)
Provisions	(81,165)	(18,387)	(99,552)
Borrowings	(46,178)	(1,537,201)	(1,583,379)
Net identifiable assets acquired	10,569,731	329,529	10,899,260
Less: non-controlling interests	(2,748,130)	(85,677)	(2,833,807)
Add: Goodwill	2,465,025	-	2,465,025
Net assets acquired	10,286,626	243,852	10,530,478

The goodwill is attributable to the workforce and the profitability of the acquired business.

(i) Acquired receivables

The fair value of acquired trade receivables for ADP and Metco are \$9,790,446 and \$1,703,573 respectively. ADP's gross contractual amount for trade receivables due is \$9,853,238 of which \$62,792 is expected to be uncollectible. Metco's gross contractual amount for trade receivables due is \$2,348,025 of which \$644,452 is expected to be uncollectible.

(ii) Non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interest in ADP and Metco, the group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

10 Business combination (continued)

(a) Summary of acquisition (continued)

(iii) Revenue and profit contribution

The ADP business contributed revenues of \$34,084,342 and net profit of \$265,096 to the group for the period from 30 September 2014 to 30 June 2015. The Metco business contributed revenues of \$351,103 and net loss of \$521,662 to the group for the period from 30 September 2014 to 30 June 2015.

If the acquisition had occurred on 1 July 2014, ADP's revenues and net profit for the full-year ended 30 June 2015 would have been \$50,076,617 and \$416,619 respectively. Metco's revenues and net loss for the full-year ended 30 June 2015 would be \$1,396,012 and \$651,362 respectively.

(iv) Purchase consideration - cash outflow

	2015 \$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	10,530,478
Less: balances acquired	
Cash	<u>(6,389,475)</u>
Outflow of cash - investing activities	<u>4,141,003</u>

Acquisition-related costs

Acquisition related costs totalled \$311,917 of which \$265,881 was incurred in the financial period ended 30 June 2014 and \$46,036 in the current reporting period.

(b) Acquisition of non-controlling interests in Lycopodium Americas Pty Ltd and Lycopodium Rail Pty

On 6 October 2014, Lycopodium Limited completed the acquisition of the non-controlling interest shares in its subsidiaries Lycopodium Americas Pty Ltd and Lycopodium Rail Pty Ltd pursuant to the exercise of an existing option for a total consideration of \$2,000,000.

On 17 April 2015, Orway Minerals Consultants (WA) Pty Ltd completed the acquisition of the non-controlling interest shares in its subsidiary Orway Minerals Consultants Americas Pty Ltd for total consideration of \$150,000.

	2015 \$
Cash paid	1,150,000
Fully paid shares in Lycopodium Limited	1,000,000
Total purchase consideration	<u>2,150,000</u>

11 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

12 Reconciliation of (loss)/profit after income tax to net cash inflow from operating activities

	Consolidated	
	2015	2014
	\$	\$
(Loss)/profit for the year	(1,015,413)	3,709,386
Depreciation and amortisation	1,753,905	2,340,068
Non-cash employee benefits expense - share-based payments	61,958	290,268
Dividend and interest income	(946)	-
Net loss on sale of non-current assets	323,251	6,636
Share of profits of joint venture partnership	(2,840,323)	(3,343,605)
Interest relating to financing activities	57,836	145,657
Dividends received from joint venture	4,400,000	4,900,000
Change in operating assets and liabilities:		
Decrease in trade debtors and other receivables	1,637,241	31,184,717
Increase in inventories	(255,211)	-
(Increase)/decrease in deferred tax assets	(638,425)	3,334,207
Decrease in other operating assets	282,071	2,559,215
Increase/(decrease) in trade creditors	3,940,087	(28,943,242)
Decrease in provision for income taxes payable	(1,411,346)	(3,355,273)
Decrease in other provisions	(420,289)	(1,266,100)
Net cash inflow from operating activities	<u>5,874,396</u>	<u>11,561,934</u>

13 Earnings per share

(a) Basic earnings per share

	Consolidated	
	2015	2014
	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders of the company	(2.3)	10.0

(b) Diluted earnings per share

	Consolidated	
	2015	2014
	Cents	Cents
Diluted earnings per share attributable to the ordinary equity holders of the company	(2.3)	9.8

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2015	2014
	\$	\$
<i>Basic earnings per share</i>		
(Loss)/profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(918,077)	3,878,969
<i>Diluted earnings per share</i>		
Used in calculating diluted earnings per share	(918,077)	3,878,969

(d) Weighted average number of shares used as denominator

	Consolidated	
	2015	2014
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	39,537,055	38,955,870
Adjustments for calculation of diluted earnings per share:		
Performance rights	303,126	432,233
<i>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	39,840,181	39,388,103

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Supplementary Appendix 4E information
As at 30 June 2015

Additional dividend/distribution information (Appendix 4E item 6)

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2015 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
1 October 2014	15 October 2014	Final	1.5 cents	\$584,477	1.5 cents
2 April 2015	17 April 2015	Interim	1.5 cents	\$595,986	1.5 cents

Audit Alert (Appendix 4E items 15 - 17)

This report is based on accounts which are in the process of being audited.